(c) whether it is also a fact that the mills has been closed down and attempts being made to postpone the payments by taking shelter under 'sick' industries provision?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) to (c) Syndicate Bank has reported that around the end of 1984, it was noticed that the Company had indulged in discontinuing documentary bills supported by fake lorry receipts for accommodation purpose in collusion with the transport carriers who had issued lorry receipts without cover of goods. It is also alleged that some of the lorry receipts were forged. Bills amounting to over Rs. 40 lakhs have been returned unpaid and have not been reimbursed by the Company even after a lapse of considerable time. Out of these, 76 bills amounting to Rs. 35,35,974/- are backed by fake lorry receipts. Out of the balance, some more bills are suspected to be bogus bills.

In view of the above fradulent action, the Bank has frozen the credit facilities. The matter has also been handed over to CBI for investigation. On 3-7-85, the Bank had also sought for the compulsory winding up of the Company under Section 433(A) and (F) read with Section 434 of the Companies Act in the High Court of Karnataka for recovery of its dues. On the basis of an application filed by the Bank in September 1985, the High Court of Karnataka had passed orders for the appointment of Provisional Official Liquidator on 4-10-85 to take custody of all the assets of the Company. However, on 7-10-85, the Managing Director of the Company filed two applications in the Hon'ble High Court for recalling the order passed by it appointing the Provisional Liquidator on the ground, among others, that the Company has represented to the Government of Karnataka to take over the Unit by declaring the Company as a Relief Undertaking under the provisions of Karnataka Relief Undertaking Act, 1977. The Bank has reported that the Mill is closed since 16-2-1985 under lock out by the management.

Peerless General Finance and Investment Company

2886. SHRI SULTAN SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some Members of Parliament have submitted to him a memorandum highlighting the state of affairs in the Peerless General Finance and Investment Company;

(b) if so, what are the contents thereof; and

(c) what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (b) Government have received memoranda and letters including some from Honourable Members of Parliament, concerning the state of affairs in the Peerless General Finance and Investment Company Limited. These mainly urge for nationalisation of the Company.

(c) The Government and Reserve Bank of India are seized of the activities of the Company. The State Government of West Bengal issued a notice to the Company in 1979 under the provisions of the rules framed by the State Government under the Prize Chits and Money Circulation Schemes (Banning) Act, 1978 to submit statements of particulars and winding up plans. The Company obtained a stay order from the Calcutta High Court in this regard. Government has already initiated necessary steps to expedite disposal of the Court cases.

Increase in prices of steel etc. for National Textile Corporation Programmes

2887. SHRI BIR BHADRA PRATAP SINGH: Will the Minister of TEXTILES be pleased to state:

(a) whether any principle has been followed to effect statutory increase in prices of steel and other materials in the price structure of fixed rate contracts awarded to various executing agencies for carrying out the modernisation programmes of the various units under the National Textile Corporation Limited or its subsidiaries;